

August 15, 2005

City of Gaithersburg 31 South Summit Ave. Gaithersburg, MD 20877-2098 Attention: Mr. Greg Ossont

Re: The Vistas

Dear Greg:

Please find attached three copies of two schematic plans for the development of Vistas.

Each plan proposes the same number of units (97) and same mix:

12 single family facing Winter Walk

36 Condos (2 over 2) facing Orchard Ridge

49 Townhouses

I have also included a plan which indicates the proposed "Public Rights of Way", shown blocked out in black. We are currently refining the tree save worksheet and the parking count, they will be sent to you separately.

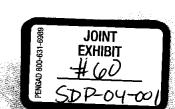
Once you have had time to digest please give me a call so we can set up a meeting with Colin Greene and Eric Tovar to review.

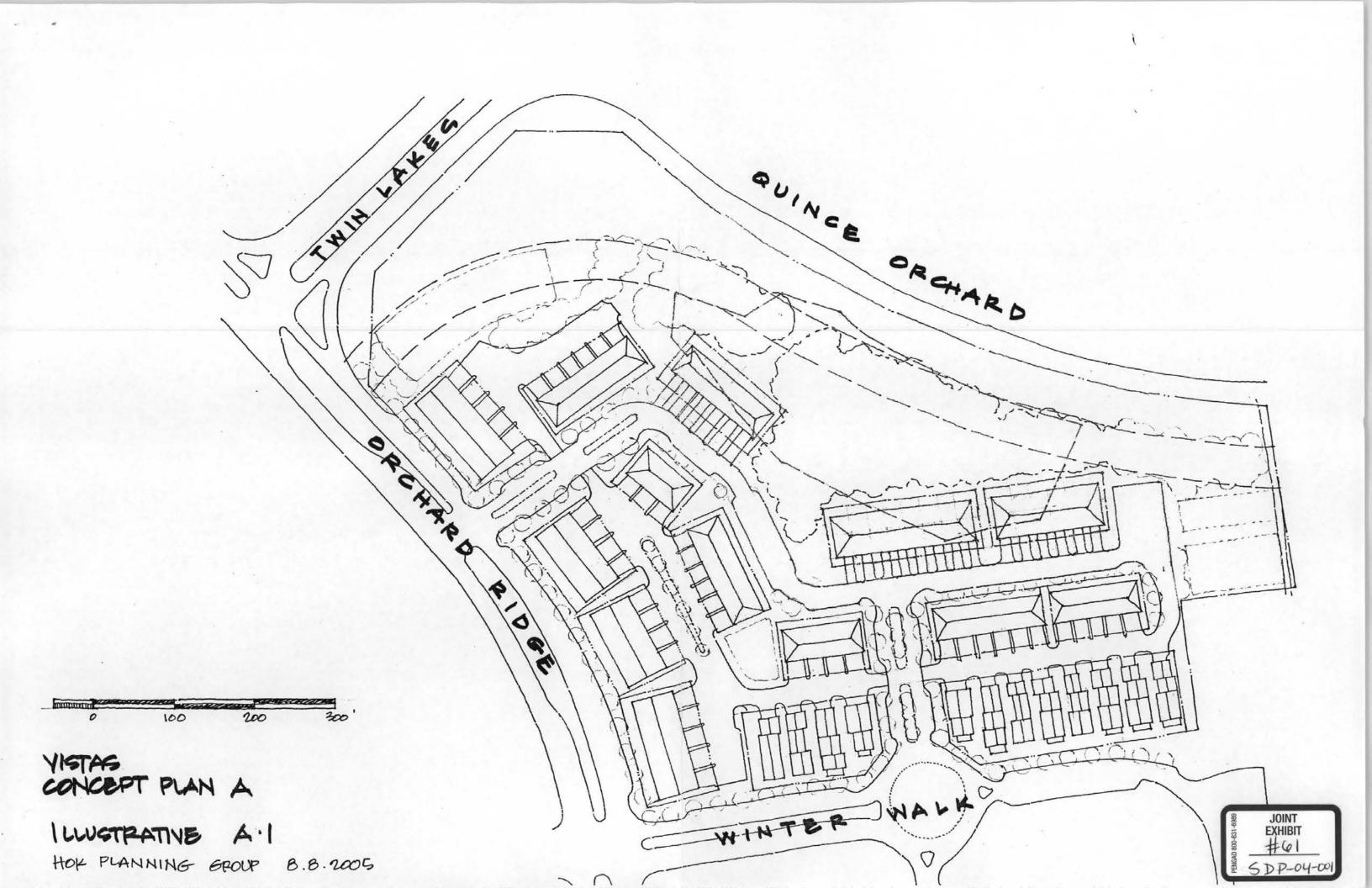
If you have any questions in the interim please contact me at 240-243-1000 ext 110 or by email at Bwogatske@churchillbuilders.com and I will try to answer them.

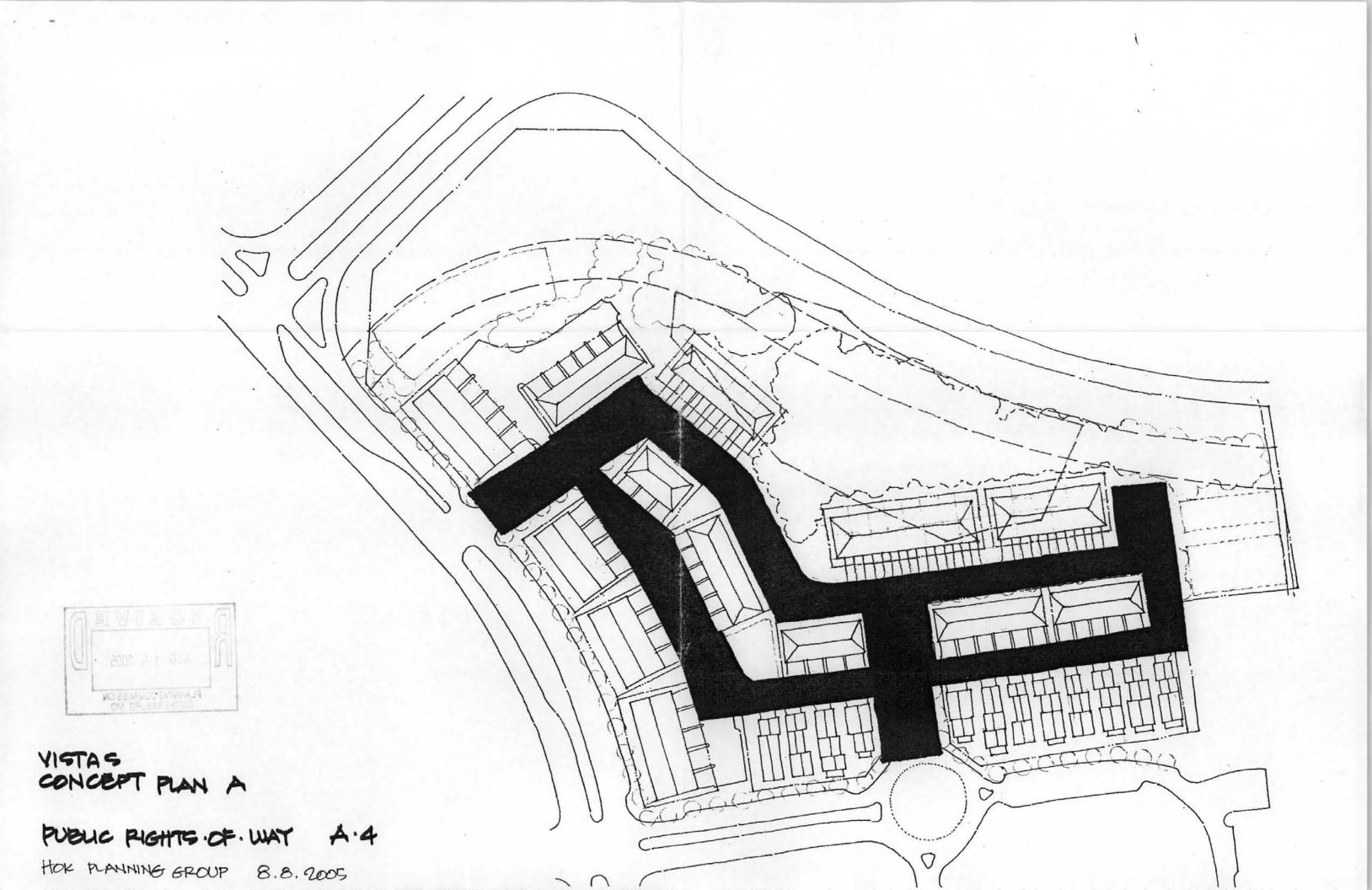
Singerely,

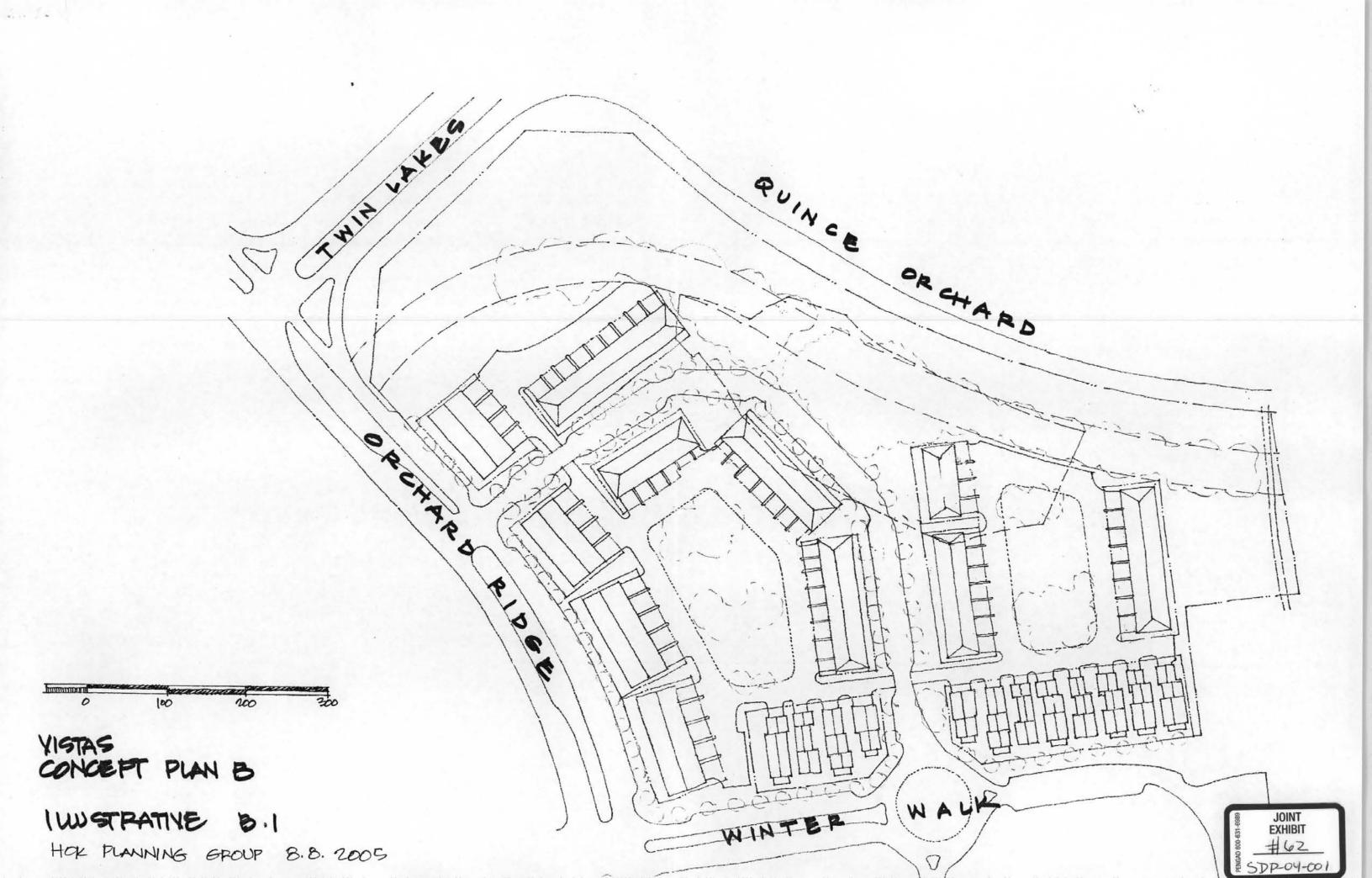
William J. Wogatske

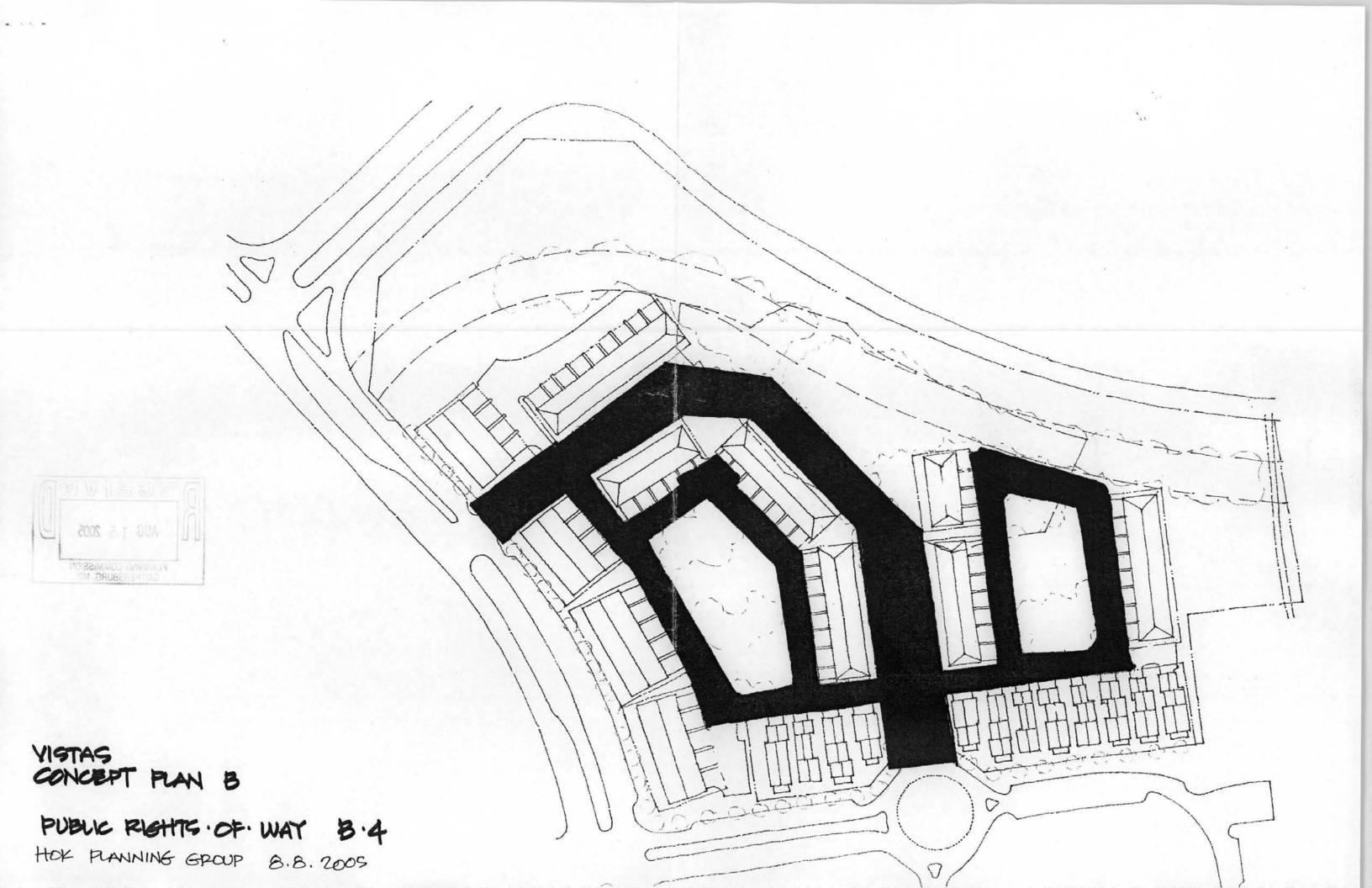
Vice President Land Acquisition and Development













November 16, 2005

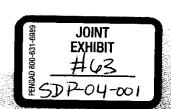
City of Gaithersburg 31 South Summit Ave. Gaithersburg, MD 20877-2098 Attention: Mr. Greg Ossont

Re. Quince Orchard Park HOA

Dear Greg:

Recently we discussed the annexation of the Vistas Property into the existing Quince Orchard Park HOA. At this juncture I would like to formalize and clarify our agreement and understanding of these proposed actions:

- 1. Churchill Development agrees to make a financial contribution to the Quince Orchard Park HOA in the amount of \$40,000.00, for the sole purpose of expanding and equipping the existing exercise room.
- 2. The Quince Orchard HOA will annex the Vistas lots into it's association with all the rights, privileges and responsibilities of the existing homeowners so as to be no distinction between homeowners.
- 3 Churchill will create an HOA (condo association) for the 2 over 2 units for the purpose of maintain the common structure. This association will be similar to the existing condo association but will operate independently, due to the differences in construction. This association will be part of the "Master" association.
- 4. All members will enjoy reciprocal usage of all amenities.
- 5. Upon settlement each Vistas unit purchaser will pay a capital contribution equal to two months of the current HOA dues, to the Quince Orchard HOA.
- 6. The Declarant of the Vistas HOA, Churchill Development, will not be responsible for any fees or payments to the Quince Orchard Park HOA other than as set forth in item #1 above.
- 7. The timing of the annexation shall be at the sole discretion of Churchill Development so as not to impact development, construction and settlement of units.



8. Churchill Development reserves the right, in its sole discretion, to amend and revise any and all covenants or conditions to be placed on the Vistas property to be compatible with its construction and sales program.

If you are in agreement with the above understanding please indicate so by signing on the line provided.

Please feel free to call me to discuss at 240-243-1000 ext 109.

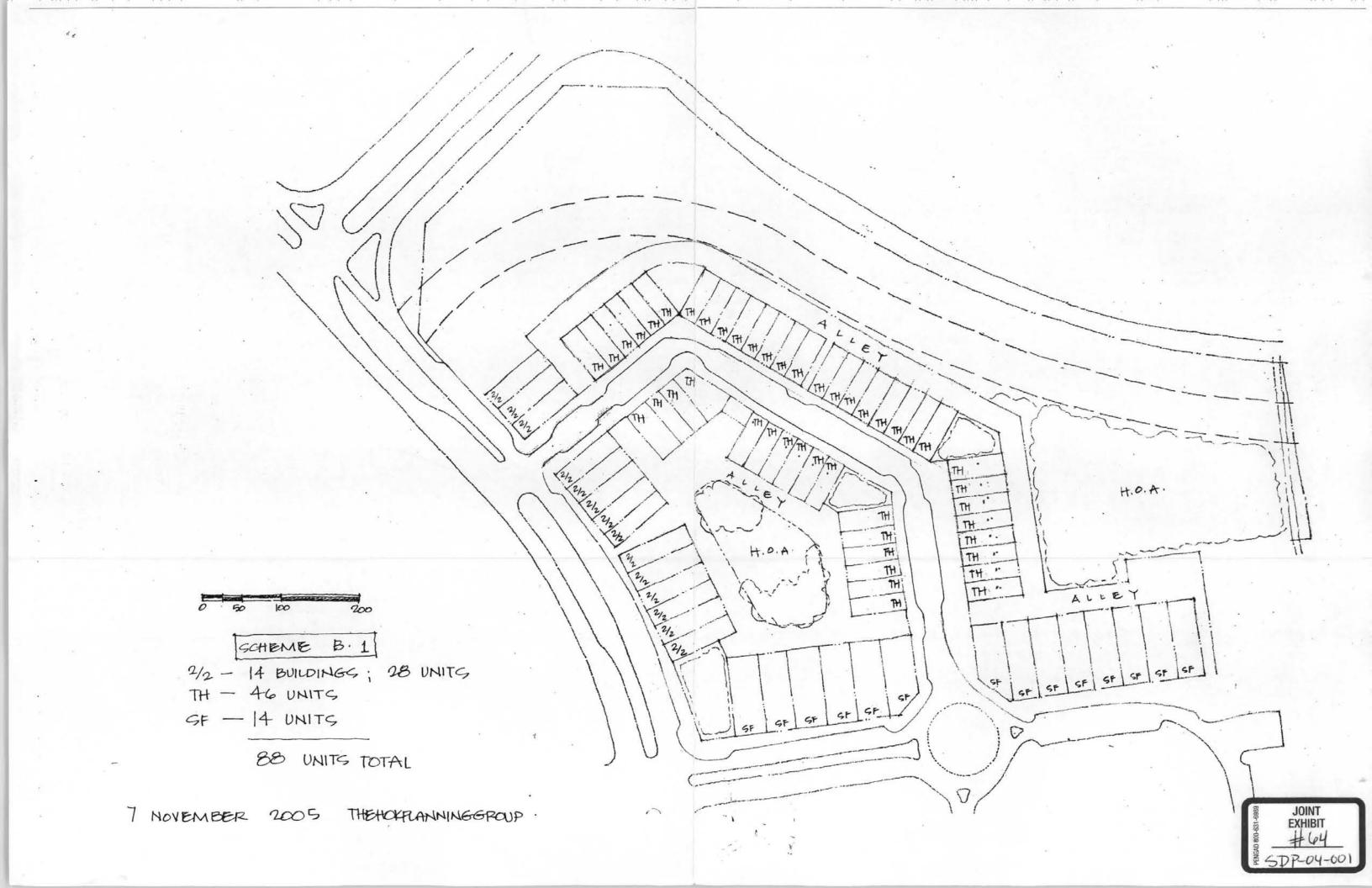
Sincerely,

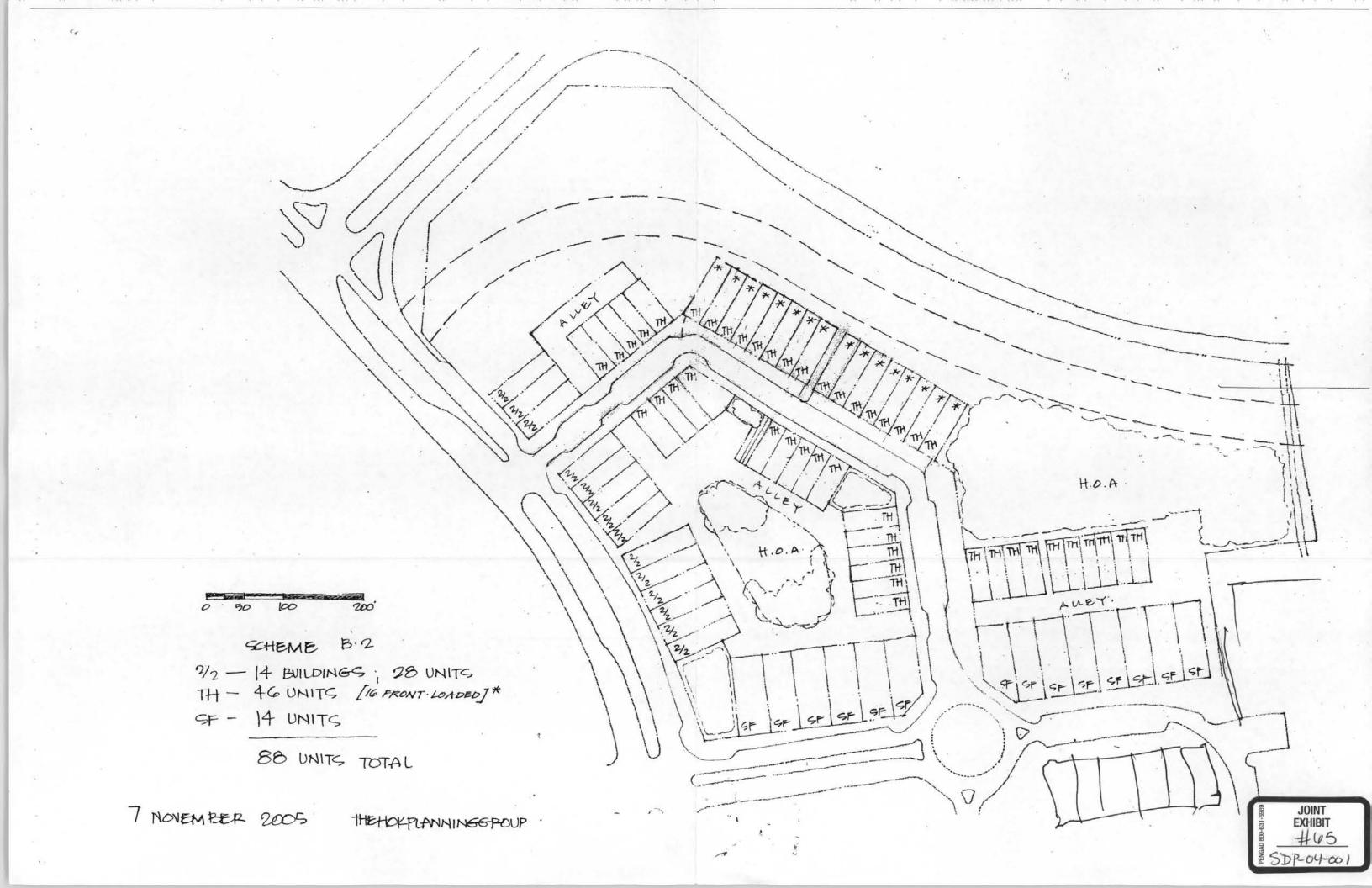
Fire R. Noval

President

Seen and agreed:

Greg Ossont, Director Planning and Code Administration City of Gaithersburg





Greg Ossont - Vistas Comment

From:

"Burke, Bill" <Bill_Burke@enps.com>

To: Date: <GOssont@ci.gaithersburg.md.us> 12/27/2005 8:56 AM

Subject: Vistas Comment

Greg

Due to the holidays, I do not have much official feedback in advance of your meeting today with Churchill, but based on past conversations and meetings with the Board, I think the following pretty close to the consensus view with regard to the specific issues you asked about last week.

- 1. The count is now in an acceptable range, albeit in the high end, and we would certainly be comfortable with losing a few more units if necessary to improve the design. It would probably be best to think of the 88 as a ceiling rather than a floor.
- 2. I do not have any specific feedback on the mix, except to say that it is slightly improved from the previous with the addition of a couple SF units. I wouldn't anticipate any major problems.
- 3. There is certainly consensus that the \$40,000 figure mentioned for the clubhouse expansion is not going to be enough. I think the Board will want to quantify the cost more specifically before committing to any number, but as we discussed last week, the contribution has to go up significantly.
- 4. I think the Board and committee will be pleased with the large HOA parcel—this is a positive step, especially considering that it backs to the reforestation buffer, which would make it seem even bigger. Of course, we will want to see more detail on access and specific plans for how it will be developed. Items mentioned have been a basketball court/multipurpose court, tennis wall, and usable open space. It looks as if there is enough room to accomplish all those.

I've made the latest scheme drawings available to the Board and committee and will let you know about any further feedback

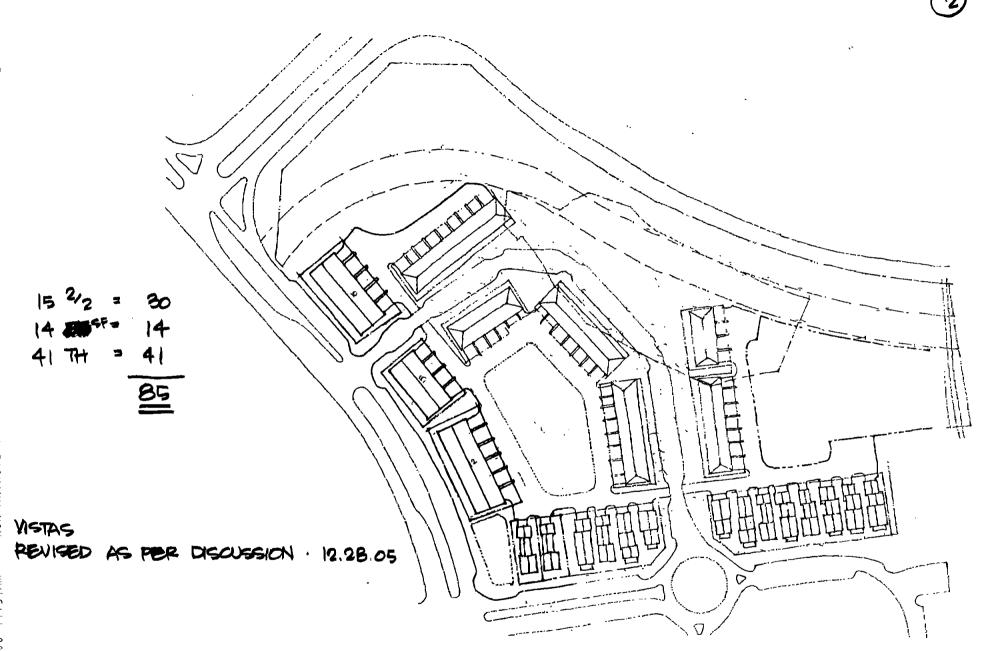
Regards

Bill Burke

The information contained in this communication is intended for the use of the designated recipients named above. If the reader of this communication is not the intended recipient, you are hereby notified that you have received this communication in error, and that any review, dissemination, distribution or copying of this communication is strictly prohibited.

If you have received this communication in error, please notify The Associated Press immediately by telephone at +1-212-621-1898 and delete this email. Thank you.

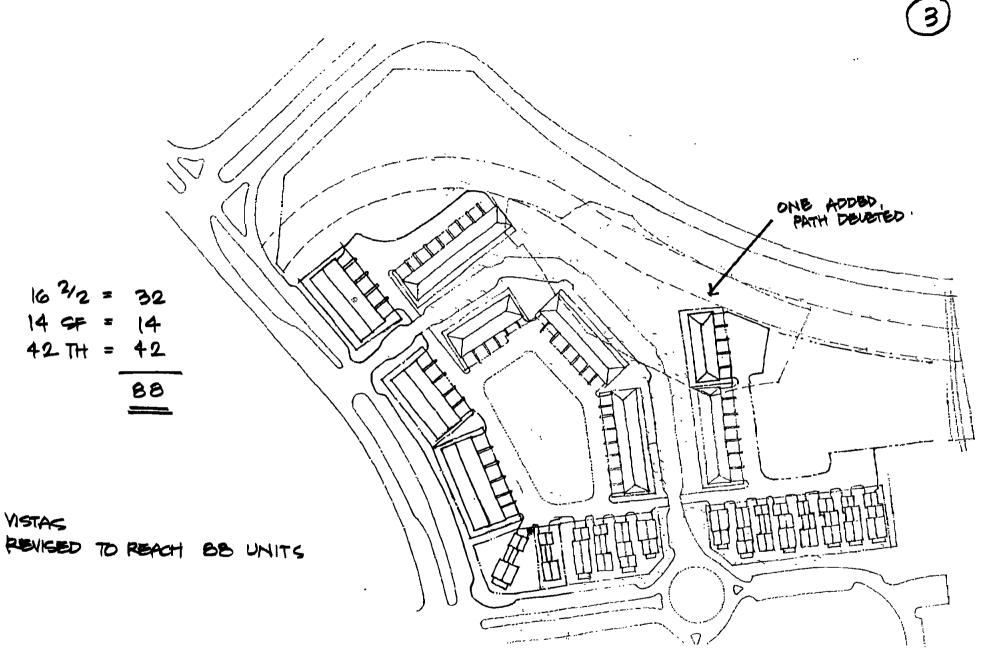




JOINT EXHIBIT

#U7

DP-04-601



* preferred plan

Date:	February 13, 2006
To:	Grea Ossont @ City of G'Burg

Fax: 301-258-6336

Pages: 12 Including this cover page

From: Eric Tovar, President

Re: Vistas



A CLOSILL COLLEGE COLLEGE

Phone: (240) 243-1000

Ext. 109 Fax: (240)243-0715

Greg,

Please find attached correspondence and budget regarding Vistas

Eric

Add from the I stare included the Flow proms and THE WEST and North Elevanous.

Please Coll me with the date of the joiner work Sessions.

The

ET

5 Choke Cherry Road, Suite 360, Rockville, MD 20850 www.churchillbuilders.com MHBR No. 3021





February 13, 2006

City of Gaithersburg 31 South Summit Ave. Gaithersburg, MD 20877-2098 Attention: Mr. Greg Ossont

Re: Quince Orchard Park HOA

Dear Greg:

Recently we discussed the annexation of the Vistas Property into the existing Quince Orchard Park HOA. At this juncture I would like to formalize and clarify our agreement and understanding of these proposed actions:

- 1. Churchill Development agrees to construct an addition at its own expense to the existing exercise room in general accordance to the attached sketch.
- 2. The Quince Orchard HOA will annex the Vistas lots into its association with all the rights, privileges and responsibilities of the existing homeowners so as to be no distinction between homeowners. The attorney's fees to provide the necessary documentation for this annexation will be paid for by Churchill Development.
- 3. Churchill will create an HOA (condo association) for the 2 over 2 units for the purpose of maintaining the common structure. This association will be similar to the existing condo association but will operate independently, due to the differences in construction. This association will be part of the "Master" association.
- 4. All members will enjoy reciprocal usage of all amenities.
- 5. Upon settlement each Vistas unit purchaser will pay a capital contribution equal to two months of the current HOA dues, to the Quince Orchard HOA.
- 6. The Declarant of the Vistas HOA, Churchill Development, will not be responsible for any fees or payments to the Quince Orchard Park HOA other than as set forth in this letter.
- 7. The timing of the annexation shall be at the sole discretion of Churchill Development so as not to impact development, construction and settlement of units.

5 Choke Cherry Road © Suite 360 © Rockville, Maryland 20850 240.243.1000 © 240.243.0715 fax

www.ChurchillBuilders.com



91 /8 #

8. Churchill Development reserves the right, in its sole discretion, to amend and revise any and all covenants or conditions to be placed on the Vistas property to be compatible with its construction and sales program.

If you are in agreement with the above understanding please indicate so by signing on the line provided.

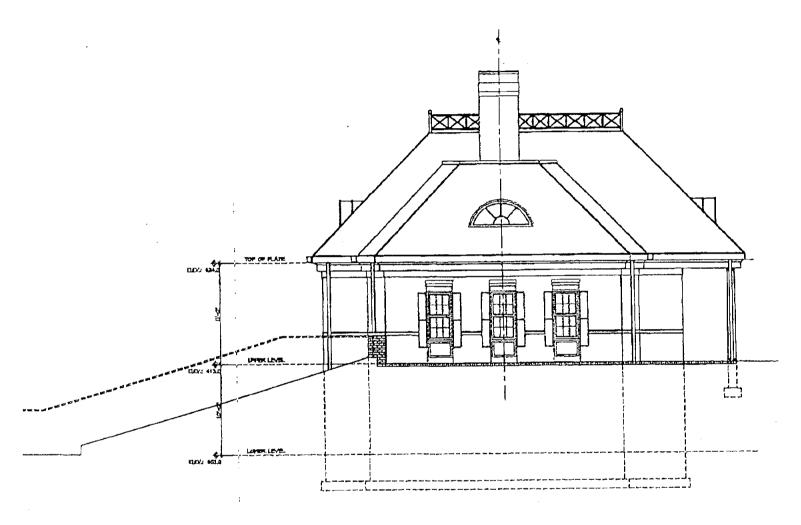
Please feel free to call me to discuss at 240-243-1000 ext 109.

Sincerely,

Seen and agreed:

Greg Ossont, Director Planning and Code Administration City of Gaithersburg

WEST ELEVATION



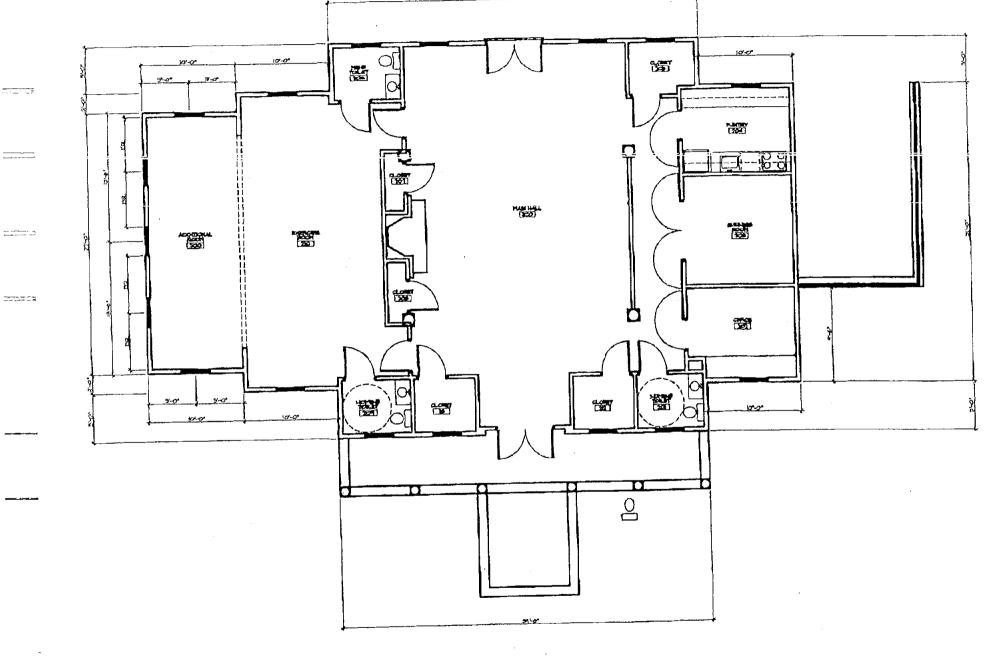
PAGE

DESIGN CONCEPTS ARCH

7032689010

02/08/2005

NORTH ELEVATION



UPPER LEVEL PLAN

PAGE



February 13, 2006

City of Gaithersburg 31 South Summit Ave. Gaithersburg, MD 20877-2098 Attention: Mr. Greg Ossont

Re: Quince Orchard Park HOA

Dear Greg:

The question has arisen as to what effect the addition of the Vistas units will have to the overall cost of operating the Quince Orchard Park HOA. We requested Ruchita Patel, who currently handles the Quince Orchard Park HOA for the Management Group, to examine this question and prepare a budget in support of her findings.

The current HOA dues for Quince Orchard Park are \$71 per month. With the addition of the Vistas units the monthly dues will be decreased to \$55 per month.

Attached are the budgets as prepared by Ruchita in support of this decrease. I believe this finding to be quite reasonable as the additional units create a larger base to divide the fixed costs over without adding any unique operation costs such as the swimming pool or clubhouse.

Please feel free to call me to discuss at 240-243-1000 ext 109.

znc R. IC

5 Choke Cherry Road © Suite 360 © Rockville, Maryland 20850 240.243.1000 © 240.243.0715 fax www.ChurchillBuilders.com



THE VISTAS HOMEOWNERS ASSOCIATION ANNUAL OPERATING BUDGET AT FULL BUILDOUT (Assumes That The Vistas Will Be Annexed In to Quince Orchard Park)

Assessments (per unit per month);

\$55.00

	Current QOP Budget for 2006	Additional Costs for The Vistas At Full Buildout	Combined Budget at Full Buildout QOP & The Vistas
INCOME	100 555	50,000	486,636
Assessment Income	428,556	58,080	485,535
Prepayment Discount	0	0 360	3,060
Late Fee Income	2,700	500	2,500
Legal Fees Reimbursements	2,000	300	1,800
Certified/Lien/NSF Income	1,500 500	303	500
Miscellaneous Income	6,000	0	6,000
Activities Income	4,000	1,500	5,500
Resale Package Income	240	0	240
Interest Income	3,500	0	3,500
Newsletter Ad Income	0,500	0	0
Directory Ad Income	2,500	0	2,500
City of Gaithersburg Grant Income	750	0	750
Median Strip Maintenance Reimbursement	(67,984)	-	
Reserve Contribution	384,262	50,136	434,398
TOTAL INCOME	554,252		•
EXPENSES			
General & Administrative	1,800	0	1,800
Recording Secretary	2,400		·
Bank Charges	4,500		
Postage	11,900		
Insurance	1,500		
Coupon Printing	5,500		
Printing and Copying	12,000		
Newsletter	4,000		
Community Directory	1,080		
Website Fees Federal Income Tax	750		
State Income Tax	500		
Electricity	1,430	168	1,598
Activities	5,000	0	5,000
Misc, Homeowner Admin. Fees	1,500	300	1,800
Resale Package Expense	3,000	1,200	
Misc. General & Administrative	1,900	500	2,400
Home Decorating Contest	0		
Bad Debt	500		
Sub-Total	59,260	5,443	64,703
Professional Services			
Management Fees	51,306	9,000,	60,306
Legal Fees	4,000		
Audit and Tax Returns	1,950	C	1,950
Engineering Service	0		
Sub-Total	57,256	10,000	67,256
Site Maintenance & Repairs			
Tree Maintenance	C	1,000	1,000
General Repair and Maintenance	7,500		
Fountain Electricity	1,400		
Fountain Water and Sewer	700		
Site Improvements	19,000	2,500	
Sub-Total	28,600		
	• • • • •	•	,

Last Revised: 2/10/06

THE VISTAS HOMEOWNERS ASSOCIATION ANNUAL OPERATING BUDGET AT FULL BUILDOUT (Assumes That The Vistas Will Be Annexed In to Quince Orchard Park)

	Current QOP Budget for 2006	Additional Costs for The Vistas At Full Buildout	Combined Budget at Full Buildout QOP & The Vistas
Recreation Expenses			14 (50
Pool Management Contract	41,100	0	41,100
Pool Repair and Maintenance	2,000	0	2,000
Pool Supplies	800	0	800 700
Pool Passes	700	0	700 500
Pool Telephone	500	0	500
Lifeguard Bonus	500	0	500
Tennis Expenses	500	0	0
Community Center Security Sytem Upgrade	0	0	1,575
Community Center HVAC Contract	1,575	0	1,155
Community Center Fitness Contract	1,155	0	3,000
Community Center Repair and Maint.	3,000	0	8,670
Community Center Janitorial	8,670 0	0	0,070
Community Center Pest Control	625	0	625
Community Center Cable	7,700	0	7,700
Community Center Electric	7,700 7,500	0	7,700
Community Center Water/Sewer	3,000	0	3,000
Community Center Natural Gas	79,325	0	
Sub-Total	19,525	J	70,020
Other Expenses	0	0	1,900
Operating Contingency			
Sub-Total	U	O	1,900
Contract Services	80,000	12,000	92,000
Landscape Maintenance Contract	4,000	•	•
Water Feature Maintenance Contract Pond Fountain Maintenance Contract	1,500	=	
	4,400		•
Security Services Contract	54,324	-	
Trash Removal Contract Trash Patrol Contract	1,853	-	•
Snow Removal Contract	14,000		•
Sub-Total	160,077		
TOTAL EXPENSES	384,518	47,972	434,390
NET OPERATING EXCESS/(DEFICIT)	(256) 2,164	8

Last Revised: 2/10/06

THE VISTAS HOMEOWNERS ASSOCIATION PROJECTED RESERVE STUDY AT FULL BUILDOUT Last Updated: February 10, 2006

poor to time to the time to th											
ITEM	NUMBER OF UNITS	NUMBER REPLACE. OF UNITS COST	REPLACE. FACTOR	FACTORED REPLACE. REPLACE. FACTOR COST	USEFUL LIFE	REM, LIFE	AINING	FUNDED REMAINING THROUGH BALANCE LIFE 12/31/2005 TO FUND	FUNDED REMAINING HROUGH BALANCE 2/31/2005 TO FUND	ANNUAL REPLACE. FUNDING	
SITE AMENITIES											
Entrance Feature	1 ea	\$25,000.00	1.00	\$25,000.00	25	-	24	\$0	\$25,000	\$1,042	
Asphalt Parking	11,985 sf	\$19,176.00	1.00	1.00 \$19,176.00	20	4	19	\$0	\$19,176	\$1,009	
All Purpose Court	ea ea	\$90,000,00	1.00	\$90,000.00	20		19	\$0	000'06\$	\$4,737	
Tot Lot	- ea	\$35,000.00	1.00	\$35,000.00	15		4	0\$	\$35,000	\$2,500	
Gazebo	1 ea	\$25,000.00	1.00	1.00 \$25,000.00	20		19	\$0	\$25,000	\$1,316	
TOTAL		\$194,176		\$194,176				\$0	\$194,176	\$10,604	

THE VISTAS HOMEOWNERS ASSOCIATION BUDGET NOTES February 10, 2006

Two budgets were prepared. Both assume that the community is fully built out. The first budget assumes that The Vistas will not be annexed in to Quince Orchard Park, and the second assumes that it will be annexed in. Income and expense line items have been adjusted on the second budget to account for economies of scale, or the fact that certain services, e.g. the audit preparation, will not need to be duplicated.

I. INCOME

- 1. <u>Assessment Income</u> The budget assumes a monthly assessment of \$71.00 if the community is not annexed, and a monthly assessment of \$55.00 if it is.
- 2. <u>Prepayment Discount</u> Discounts offered for prepayment of assessments. Currently, Quince Orchard Park does not offer a prepayment discount.
- 3. <u>Late Fee Income</u> Income earned from the payment of late fees. The budget assumes that two homeowners will pay late each month, and that the late fee will be \$15.00.
- 4. <u>Legal Fees Reimbursement</u> If a homeowner's account is forwarded to the Association's attorney for collection of delinquent assessments, the legal fees incurred are applied to the homeowner's account. When the account balance is paid, the legal fees are reimbursed to the Association. This reimbursement is reflected on this line item.
- 5. <u>Certified/Lien/NSF Income</u> When Certified Notices of Intent, liens, or insufficient fund fees are charged, TMGA charges the Association, and this charge is reflected as an expense (see Miscellaneous Homeowner Administrative Fees). When the delinquent homeowner reimburses these fees to the Association, the payment is recorded as income under this line item.
- 6. <u>Miscellaneous Income</u> Income received from homeowners for the payment of fines or interest on delinquent accounts. This income also reflects reimbursements from homeowners for maintenance issues corrected on their property by the Association (e.g. lawns mowed, landscaping beds weeded).
- 7. Activities Income The income earned from clubhouse rentals or social events.
- 8. Resale Package Income When a resale package is purchased, the homeowner pays a fee of \$150 to Quince Orchard Park, which is recorded as income. Of this

9 . /71 #

- amount, \$125 is reimbursed to TMGA, per the management contract. This reimbursement is shown as a Resale Package expense.
- 9. <u>Interest Income-</u> Interest generated by operating funds deposited in interest bearing accounts. Note, this does not include interest earned on reserve accounts.
- 10. <u>Newsletter Ad Income</u> The income generated from the sale of newspaper advertisements.
- 11. <u>City of Gaithersburg Grant Income</u> Funds received from the City for matching grants for community improvements.
- 12. <u>Median Strip Reimbursement</u> Funds received from the City to reimburse for the cost to maintain the median strips on Orchard Ridge Drive and Twin Lakes Boulevard. Note, the City does not reimburse for the cost to maintain the shoulders, and does not reimburse for the full expense of maintaining the medians.
- 13. Reserve Contribution- The amount to be funded was taken from the reserve study. Note, I assumed in the reserve study that there would also be an entrance monument. If this is not the case, this amount will be eliminated from the reserve study.

II. EXPENSES - GENERAL AND ADMINISTRATIVE

- 1. Recording Secretary The cost to prepare the monthly meeting minutes, at a rate of \$150/meeting.
- 2. <u>Bank Charges</u> Expenses for lockbox processing charges and account maintenance fees.
- 3. <u>Postage</u> The cost for postage and handling for mailings and miscellaneous letters.
- 4. <u>Insurance</u> This item represents the cost to maintain general liability, Directors and Officers and fidelity bond insurance.
- 5. <u>Coupon Printing</u> The cost to print payment coupon booklets.
- 6. <u>Printing and Copying</u> The cost for printing expenses (e.g. mailings, copying handbooks, etc.).
- 7. Newsletter The cost to write, compile and print the community newsletter.

- 8. <u>Community Directory</u> –The directory is reissued once every two years. All costs related to issuing quarterly updates are absorbed in the Printing and Copying and the Postage line items.
- 9. Website Fees The cost to host the website, at a rate of \$270/quarter. Note, in the first budget, the cost is \$65/month, which is the fee that TMGA would charge if we maintained the website.
- 10. <u>Income Tax</u>, State and Federal Taxes due on interest earned by the reserve funds and other taxable items.
- 11. <u>Street Light Electricity</u> The amount budgeted includes electricity costs for entrance monument lighting only.
- 12. Activities The cost for social activities and community events.
- 13. <u>Miscellaneous Homeowner Admin. Fees</u> See Certified/Lien/NSF Income above.
- 14. Resale Package Expense See Resale Package Income.
- 15. <u>Miscellaneous General and Administrative</u> This line item sets aside funds for miscellaneous expenses that may arise, including mailing handling costs.
- 16. Home Decorating Contest This contest was eliminated for 2006.
- 17. <u>Bad Debt</u> The cost to write off uncollectible accounts.

III. PROFESSIONAL SERVICES

- 1. Management Fees Management fees reflect a cost of \$8.50 per unit per month.
- 2. <u>Legal</u> Legal expenses incurred to collect delinquent accounts or for general legal issues.
- 3. Audit- The cost to audit the books and records and prepare the tax returns.

IV. SITE MAINTENANCE AND REPAIR

- 1. <u>General Maintenance and Repair</u> The cost for miscellaneous maintenance which may arise.
- 2. <u>Fountain Electricity</u> The cost for electricity to operate the water feature at Orchard Ridge Drive. The fountain operates for 10 months per year at an average electrical cost of \$112/month.

91 /51 #

- 3. Fountain Water and Sewer The cost for water to operate the water feature at Orchard Ridge Drive. The fountain operates for 10 months per year at an average water cost of \$70/month.
- 4. <u>Site Improvements</u> Funds set aside for community improvements such as landscaping, sign installation, etc.

V. RECREATION EXPENSES

- 1. Pool Management Contract The current pool contract is for \$36,750/year plus an additional expense of \$800 for each weekend that the pool remains open after Labor Day. For 2006, an additional \$2,760 to add an extra part time guard for 12 hours per week from June 1-July 31st.
- 2. Pool Repairs and Maintenance- The cost for non-reserve related repairs.
- 3. <u>Pool Supplies</u> The cost for miscellaneous pool supplies that are not covered under the pool contract.
- 4. Pool Passes Per the management contract, TMGA is paid \$1.50 per household for every pass application processed before Memorial Day and \$3.00 per household for every application processed after Memorial Day.
- 5. <u>Pool Telephone</u> The cost to operate the telephone at the swimming pool.
- 6. <u>Lifeguard Bonus</u> The cost to reward lifeguards for outstanding performance at the discretion of the Board.
- 7. <u>Tennis Expenses</u> The cost for tennis supplies and/or clinics.
- 8. <u>Community Center HVAC Contract</u> The cost for a contractor to check the hot water heater and HVAC system at the clubhouse three times per year.
- 9. Community Center Fitness Contract The cost for a contractor to perform preventive maintenance on the exercise equipment quarterly. This line item assumes that some repairs to the equipment will be required at an additional cost. It also assumes a 5% increase in the base contract cost due to higher gas charges.
- 10. <u>Community Center Repair and Maintenance</u> The cost for non-reserve related repairs.
- 11. <u>Community Center Janitorial</u> The cost to clean the community center on a biweekly basis and after rentals.

- 12. Community Center Cable The cost for the Direct TV contract currently in place is \$51.98/month.
- 13. Community Center Electric The cost for electricity at the pool and clubhouse. We have factored in a 10% increase in cost for the reasons outlined under Street Light Electricity above.
- 14. <u>Community Center Water/Sewer</u> The cost for water and sewer expenses at both the pool and clubhouse.
- 15. Community Center Natural Gas The cost to heat the pool and clubhouse buildings and water.

VI. OTHER EXPENSES

1. Operating Contingency -Funds set aside for unexpected expenses.

VII. CONTRACT SERVICES

- 1. <u>Landscape Maintenance Contract</u> The cost to maintain the lawns and landscaping.
- 2. Water Feature Maintenance Contract The cost for Specialty Pools and Fountains to maintain the fountain.
- 3. Pond Fountain Maintenance Contract—The cost for Specialty Pool and Fountain to reinstall the pond fountains each spring and pull them in the winter. The cost is \$375 per fountain per season.
- 4. <u>Security Services Contract</u> The cost to monitor the clubhouse security system.
- 5. <u>Trash Removal Contract</u> This price is based on a cost of \$9.26 per unit per month.
- 6. <u>Trash Patrol Contract</u> This price is based on the current contract with The Arc of Montgomery County. It represents the cost to patrol the common areas for loose trash on a bi-monthly basis.
- 7. Snow Removal Contract The Association is responsible for shoveling any sidewalks adjacent to streets that are not directly in front of homes. It is also responsible for plowing the clubhouse parking lot and any privately maintained roadways or parking areas.

From:

"Ruchita Patel" <rpatel@themgmtgroup.com>

To:

"Bill Wogatske" <bwogatske@churchillbuilders.com>

Date:

02/26/2006 7:37:15 PM

Subject:

RE: REVISED -- The Vistas Budget

From: Ruchita Patel [mailto:rpatel@themgmtgroup.com]

Sent: Sunday, February 26, 2006 7:35 PM

To: 'Bill Wogatske' Cc: 'Greg Ossont'

Subject: REVISED -- The Vistas Budget

Dear Bill,

A member of the Development Committee pointed out to me an error that I had made in the budget that was previously sent to you. Attached is a revised copy of this budget for your reference. As you can see, if The Vistas is annexed in, the assessment for all units in Quince Orchard Park and The Vistas would be \$69 per month, and not \$55 per month as I had previously projected. All other line items have remained the same.

I apologize for this error. Our offices will be relocating to Germantown on Monday and Tuesday and our phones will be down. Please feel free to contact me at (301) 704-0220 if you would like to discuss the attached information.

Sincerely,

Ruchita Patel

/rap

QO - III6, IIo

CC:

"'Greg Ossont'" <GOssont@gaithersburgmd.gov>



Assessments (per unit per month):	\$71.00
INCOME	
Assessment Income	
	74,976
Prepayment Discount	0
Late Fee Income	360
Legal Fees Reimbursements	500
Certified/Lien/NSF Income	300
Miscellaneous Income	0
Activities Income	0
Resale Package Income	1,800
Interest Income	
Newsletter Ad Income	0
Directory Ad Income	0
City of Gaithersburg Grant Income	0
Median Strip Maintenance Reimbursement	0
Reserve Contribution	0
TOTAL INCOME	(10.604)
	67,332
EXPENSES	
General & Administrative	
Recording Secretary	
Bank Charges	0
Postage	250
Insurance	300
Coupon Printing	3,500
Printing and Copying	275
Newsletter	500
	1,000
Community Directory	0
Website Fees	780
Federal Income Tax	250
State Income Tax	200
Electricity	168
Activities	0
Misc. Homeowner Admin. Fees	300
Resale Package Expense	1.500
Misc. General & Administrative	500
Home Decorating Contest	0
Bad Debt	
Sub-Total	<u></u>
	9,523
Professional Services	
Management Fees	0.000
Legal Fees	9,000
Audit and Tax Returns	4,000
Engineering Service	1,500
Sub-Total	0
	14,500
Site Maintenance & Repairs	
Tree Maintenance	
General Repair and Maintenance	1,000
Fountain Electricity	4,000
Fountain Water and Sewer	0
Site Improvements	0
Sub-Total	5,000
Odb Total	10,000
Recreation Expanses	,2
Recreation Expenses	
Pool Borgis and Maria	0
Pool Repair and Maintenance	0
Pool Supplies	0
	0

Pool Passes Pool Telephone Lifeguard Bonus Tennis Expenses Community Center Security Sytem Upgrade Community Center HVAC Contract Community Center Fitness Contract Community Center Repair and Maint. Community Center Janitorial Community Center Pest Control Community Center Cable Community Center Electric Community Center Water/Sewer Community Center Natural Gas Sub-Total	0 0 0 0 0 0 0 0 0
Other Expenses Operating Contingency Sub-Total	0
Contract Services Landscape Maintenance Contract Water Feature Maintenance Contract Pond Fountain Maintenance Contract Security Services Contract Trash Removal Contract Trash Patrol Contract Snow Removal Contract Sub-Total	15,000 0 0 0 9,779 1,000 7,500 33,279
TOTAL EXPENSES	67,302
NET OPERATING EXCESS/(DEFICIT)	30

Assessments (per unit per month):

\$69.00

INCOME	Current QOP Budget for 2006	Additional Costs for The Vistas At Full Buildout	Combined Budget at Full Buildout QOP & The Vistas
Assessment Income			
Prepayment Discount	416,484	72,864	489,348
Late Fee Income	0	v	0
Legal Fees Reimbursements	2,700		3,060
Certified/Lien/NSF Income	2,000	500	2,500
Miscellaneous Income	1,500		1,800
Activities Income	500	•	500
Resale Package Income	6,000	0	6,000
Interest Income	4,000	1,500	5,500
Newsletter Ad Income	240	0	
* * ** =	3,500	0	3,500
Directory Ad Income	0	0	0
City of Gaithersburg Grant Income	2,500	0	2,500
Median Strip Maintenance Reimbursement	750	0	750
Reserve Contribution	(67.984)	(10,604)	(78.588)
TOTAL INCOME	372,190	64,920	437,110
EXPENSES			
General & Administrative			
Recording Secretary	4.000		
Bank Charges	1,800	0	1,800
Postage	2,400	250	2,650
Insurance	4,500	300	4,800
Coupon Printing	11,900	1,500	13,400
Printing and Copying	1,500	275	1,775
Newsletter	5,500	500	6,000
Community Directory	12,000	0	12,000
Website Fees	4,000	0	4,000
Federal Income Tax	1,080	0	1,080
State Income Tax	750	250	1,000
Electricity	500	200	700
Activities	1,430	168	1,598
Misc. Homeowner Admin. Fees	5,000	0	5,000
Resale Package Expense	1,500	300	1,800
Misc. General & Administrative	3,000	1,200	4,200
Home Decorating Contest	1,900	500	2,400
Bad Debt	0	0	0
Sub-Total	500	0	500
	59,260	5,443	64,703
Professional Services			
Management Fees	51,306	0.000	
Legal Fees	4,000	9,000	60,306
Audit and Tax Returns	1,950	1,000	5,000
Engineering Service	0	0	1,950
Sub-Total	57,256	0 10,000	0
	37,230	10,000	67,256
Site Maintenance & Repairs			
Tree Maintenance	0	1,000	1.000
General Repair and Maintenance	7,500	2,500	1,000
Fountain Electricity	1,400	2,300	10,000
Fountain Water and Sewer	700	0	1,400
Site Improvements	19,000		700
Sub-Total Sub-Total	28,600	2,500	21,500
	20,000	6,000	34,600

Recreation Expenses			
Pool Management Contract	41,100	0	41,100
Pool Repair and Maintenance	2,000	0	2,000
Pool Supplies	800	0	800
Pool Passes	700	0	700
Pool Telephone	500	0	500
Lifeguard Bonus	500	0	500
Tennis Expenses	500	0	500
Community Center Security Sytem Upgrade	0	0	0
Community Center HVAC Contract	1,575	0	1,575
Community Center Fitness Contract	1,155	0	1,155
Community Center Repair and Maint.	3,000	0	3,000
Community Center Janitorial	8,670	0	8,670
Community Center Pest Control	0	0	0
Community Center Cable	625	0	625
Community Center Electric	7,700	0	7,700
Community Center Water/Sewer	7,500	0	7,500
Community Center Natural Gas	3,000	0	3,000
Sub-Total	79,325	0	79,325
Other Expenses			
Operating Contingency	0	0	4.000
Sub-Total		0	1,900 1,900
	U	U	1,900
Contract Services			
Landscape Maintenance Contract	80,000	12,000	92,000
Water Feature Maintenance Contract	4,000	0	4,000
Pond Fountain Maintenance Contract	1,500	0	1,500
Security Services Contract	4,400	0	4,400
Trash Removal Contract	54,324	9,779	64,103
Trash Patrol Contract	1,853	750	2,603
Snow Removal Contract	14,000	4,000	18.000
Sub-Total	160,077	26,529	186,606
TOTAL EXPENSES	384,518	47,972	434,390
NET OPERATING EXCESS/(DEFICIT)	(12.328)	16,948	2,720

THE VISTAS HOMEOWNERS ASSOCIATION PROJECTED RESERVE STUDY AT FULL BUILDOUT Last Updated: February 10, 2006

TOTAL		\$194,176		\$194,176				\$0	\$194,176	\$10,604
Gazebo	1 ea	\$25,000.00	1.00	\$25,000.00	20	1	19	\$0	\$25,000	\$1,316
Tot Lot	1 ea	\$35,000.00	1.00	\$35,000.00	15	1	14	\$0	\$35,000	\$2,500
All Purpose Court	1 ea	\$90,000.00	1,00	\$90,000.00	20	1	19	\$0	\$90,000	\$4,737
Asphalt Parking	11,985 sf	\$19,176.00	1.00	\$19,176.00	20	1	19	\$0	\$19,176	\$1,009
Entrance Feature	1 ea	\$25,000.00	1.00	\$25,000.00	25	1	24	\$0	\$25,000	\$1,042
SITE AMENITIES										
ITEM	NUMBER OF UNITS	REPLACE. COST	REPLACE. FACTOR	FACTORED REPLACE. COST	USEFUL LIFE	LIFE	REMAINING LIFE	FUNDED I THROUGH 12/31/05	REMAINING BALANCE TO FUND	ANNUAL REPLACE. FUNDING
	,									



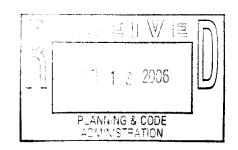


Associates, Inc.

A FULL SERVICE PROFESSIONAL PROPERTY MANAGEMENT COMPANY

April 11, 2006

Mr. Eric Tovar Churchill Development Corporation 5 Choke Cherry Road, Suite 360 Rockville, Maryland 20850



Dear Eric:

Thank you for the opportunity to comment on the revised plans for the construction of the Vistas parcel. The Quince Orchard Park Board of Directors and Development Advisory Committee feels that the latest proposals from Churchill Development Group concerning proposed development of the Vistas parcel represent significant progress towards the resolution of outstanding issues.

Although additional detail is needed, in general we feel this latest plan does establish a preliminary basis for QOP concurrence for the development of the Vistas, and one that will allow both the builder and the residents of QOP to move forward with the Vistas' annexation process. Our detailed comments follow:

1. Density and mix of housing types

Churchill has provided two optional housing layouts in their latest proposal, one that includes 85 units and the second, which has 88. The latter layout includes one more townhouse and one 2/2 condominium (2 units) than does the 85 unit layout.

We are comfortable with this density range and housing mix.

However, we would prefer to reduce the line of single-family homes by one on both ends of Winter Walk Drive.

At the tennis court end of Winter Walk, removing this house provides for a substantive space between the houses and the tennis courts, and provides for better community access to the open space behind the row of single-family homes, as well as to the multi-purpose court.

On the other end, at Orchard Ridge Road, we feel that the caddy-corner house is oddly placed and that this corner would be better as a small open space.

As an adjustment for the loss of these two homes from the 85 unit layout, we would support the addition of one 2/2 condominium and a townhouse as currently shown in the 88 unit layout.

When combined with the two single-family home reductions, this would bring the unit count to 86.

2. Open Space

We had requested enough open space to accommodate both a small multi-purpose court and some passive grassed area, and this request has been met.

With regard to the reforestation buffer, we request that wherever practical that established trees be left untouched, since the buffer will provide additional sound insulation for Vistas residents, especially when the Corridor Cities Transitway is constructed.

3. Design consistency with QOP and enhanced 2/2 design

It is the desire of QOP that homes in the Vistas be consistent with the design of QOP Phase 1 and 2. In addition, concerns were expressed that the 2/2 condominiums in the Vistas be more architecturally interesting than are the ones already built in Quince Orchard Park.

In their latest offer, Churchill has agreed to seek comment from a QOP-appointed committee on housing design for single-family homes, townhouses, and 2/2s. Although this would be advisory only, we note that the city has final design approval for all units.

Churchill has also requested the flexibility to unilaterally make changes to the design guidelines when, for example, a certain approved construction material or fixture becomes unavailable. We expressed concern to Churchill about this "sole discretion" power, and the developer has altered the request such that:

- a.) Current QOP architectural covenants are presumed to be in effect at the outset and
- b.) That any change by Churchill would result in guidelines that "meet or exceed" current QOP rules.

We will support this flexibility; however, we request that when changes to current guidelines are contemplated that Churchill provide notification to QOP and advisory review by the QOP design committee and that QOP have sufficient time to review these modifications and a process be put in place to resolve any disputes.

4. Annexation Process

It has been the strong view of both QOP and the city that the Vistas be annexed into the QOP community. Absent that, we create a development island with an undue maintenance and management burdens on Vistas homeowners, limited amenities for them, and the potential for design, maintenance and other conflicts between the two communities.

Churchill has proposed:

- To provide for the annexation of Vistas into QOP, with all attorney's fees for the process and associated legal documentation to be borne by Churchill Development.
- To assess a capital/reserve fee on each Vista's homeowner equal to two months current WOP HOA fees.
- That Vistas homeowners will have complete access to all joint QOP-Vistas amenities and will be full members of the QOP HOA(s).
- That a separate HOA will be established for the 2/2 condominiums which, like the current condominium associations, is part of the master condominium HOA.
- That the timing of the annexation be subject to Churchill's sole discretion.

QOP is supportive of this, however, we have some concerns about the timing and how the process will actually unfold.

Our understanding would be as follows:

On settlement, Vistas homeowners would be assessed a capital contribution fee equal to two months current QOP HOA fees. This money would be held in escrow by Churchill, to be turned over when Vistas annexation is complete.

Each Vistas homeowner will immediately begin paying monthly HOA fees, a portion of which might be retained to cover the cost of common area maintenance, and the remainder of which would be forwarded to the QOP HOA to cover management fees and other associated costs of providing amenities and services to Vistas homeowners.

Full annexation of the Vistas will take place when 75% of all Vistas units are complete and occupied.

Should Churchill elect to fully manage the Vistas and provide for all common services until annexation, i.e., that no portion of the residents' HOA fees are forwarded to QOP, Vistas homeowners would not have access to QOP amenities until that time.

5. Clubhouse expansion and Vistas amenities

As annexation is discussed among the full QOP community, a concern for homeowners is likely to be the potential impact of Vistas residents on their amenities. This impact, however, has been significantly reduced by a reduction in the number of proposed units (from the original 125) and is further reduced by Churchill's offer to expand the QOP fitness room at the clubhouse and provide additional amenities directly on the Vistas site.

Currently, we have a sketch of the proposed clubhouse expansion, but we would like to have additional discussions with Churchill to cover the following:

- Review of the design of the expansion with a view toward making the size of the extension match
 the size of the room, that is, that the front and back walls should line up with the current front and
 back walls.
- We would also like the design to include an additional door facing toward the front, which would allow us to lock off the side doors to the main clubhouse area and still meet first codes.
- Assurance that the expansion will include any necessary upgrades of clubhouse systems (HVAC, water, lights, etc.) that the expansion might necessitate
- Proposed timetable for the expansion (both when and how long it would be estimated to take)
- That QOP and the Churchill engage in discussions regarding the responsibilities for outfitting the
 expanded facility with additional fitness equipment

On the Vistas site, as noted above, we are pleased with the design that includes room for a multi-purpose court and passive open space, as well as with the design that puts this space adjacent to the reforestation buffer.

As noted above, we would like to remove one single family home from along Winter Walk Drive to provide some buffer between the line of houses and the tennis court area, and to facilitate community access to the multi-court area.

We would also like additional detail on Vistas parcel amenities, which we assume would include at least the following:

- --Paved multi-purpose area with a basketball hoop and a tennis practice backboard
- --Tot lot
- --Grassed open area (would like to know expected dimensions)
- --Extensions of current QOP paths through the Vistas parcel

Second, we would prefer that the walking path behind the current tennis courts not be extended out to Quince Orchard Road, but instead curve back through the Vistas.

Finally on the issue of amenities, once a package is designed, we would like to understand better how these items would be brought on line during the construction phase, specifically, we have an interest in knowing they wouldn't be left until all construction is complete some 2+ years down the road.

6. Alleys and Parking

In the latest designs for the Vistas parcel, it appears that the amount of alley that will eventually be the responsibility of the QOP HOA has been reduced from earlier designs. We would like clarification as to exactly what alley areas will be covered by the QOP HOA and which areas will be covered by the condominium HOA.

With respect to parking, we would like to have additional detail as to how many parking spaces will be available on the Vistas site in the current design.

7. Other Notes

The Board and Development committee request that when the final list of Vistas site amenities is complete, that Churchill provide the HOA with a reserve study covering any of those amenities, along with any other community infrastructure that may need future maintenance or replacement.

If you should have any questions with regard to this matter, please feel free to contact me.

On behalf of the Board of Directors,

Ruchita Patel, Agent for

Quince Orchard Park Community Association

/rap QO – II16, IIa

Mr. Greg Ossont, Planning DirectorCity of Gaithersburg31 South Summit Avenue

Gaithersburg, Maryland 20877